

## Frequently Asked Questions

### What is the cost of living?

Most of the requests we get are from people who either want to give raises equal to the rate of inflation or from people who feel their salaries are not keeping up with the current rate of inflation. The Consumer Price Index for all Urban Consumers (CPI-U), published monthly by the Bureau of Labor Statistics (BLS), is a widely used measure of inflation. It measures the average change over time in the prices paid by urban consumers for a fixed market basket of consumer goods and services.

### What is the CPI-U for New Hampshire?

The CPI-U is not calculated at the state level. It is calculated monthly for the nation and for the four BLS regions (Northeast, Midwest, South, and West). It is also calculated bimonthly for eleven metropolitan areas across the nation.

### How do I interpret the CPI-U Index?

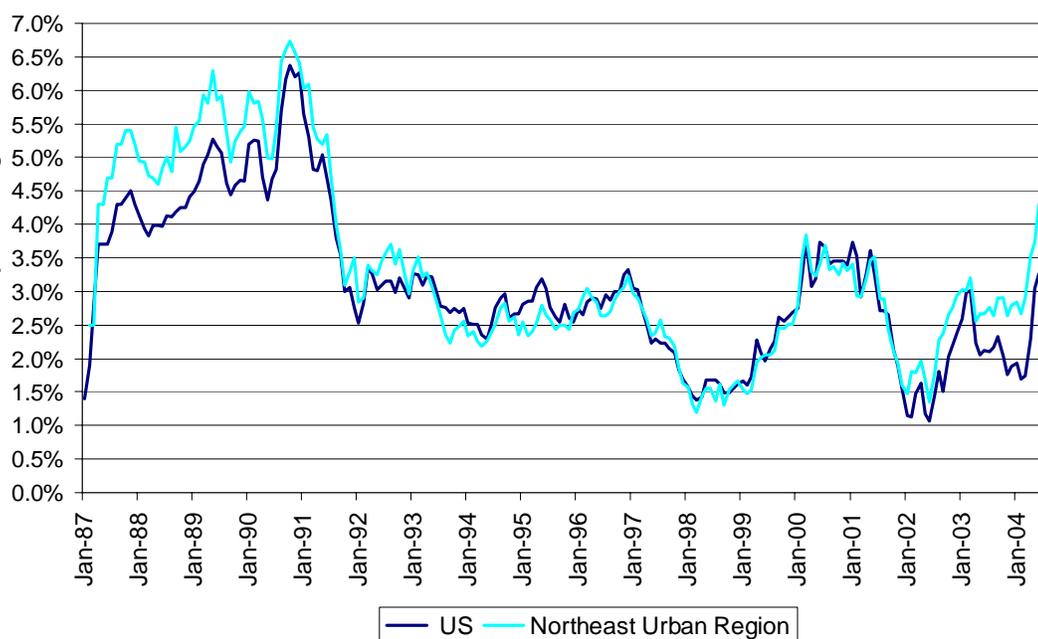
In general, an index is a way to measure the change in a particular item. It is measured from a starting point (base period). For the CPI-U, the Bureau of Labor Statistics has assigned the base period to be the thirty-six months from 1982-1984. The change in the price of goods and services surveyed is measured from that period.

For example, the July 2004 CPI-U index was 189.4. This means prices for those goods and services surveyed each month have increased 89.4 percent since the 1982-1984 time period. More simply, a loaf of bread that sold for \$1.00 sometime between January 1982 and December 1984 would cost \$1.89 in July 2004.

### How is the CPI-U used?

The CPI-U is often used to adjust consumers' income payments (i.e. Social Security), to adjust income eligibility levels for government assistance, and to automatically provide cost-of-living wage adjustments to millions of American workers. The CPI-U affects the income of about 80 million persons. Included among those are: 48.4 million Social Security beneficiaries, about 19.8 million food stamp recipients, and about 4.2 million military and Federal Civil Service retirees and survivors. Changes in the CPI also affect the cost of lunches for 26.5 million children who eat lunch at school, while collective bargaining agreements that tie wages to the CPI cover over 2 million workers. <sup>1</sup>

Over the last few years, the over-the-year change in the Northeast Urban Region CPI-U has been higher than that of the US CPI-U



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## Employment SECURITY

**NH Employment Security**  
Economic and Labor Market  
Information Bureau:

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(603)228-4124  
elmi@nhes.state.nh.us  
<www.nhes.state.nh.us/elmi/>

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228-4122

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### Where can I get the CPI-U each month?

For the latest CPI-U data, please visit the *What's New* section of our Web site at <www.nhes.state.nh.us/elmi/>. We now publish the CPI-U for the Northeast Urban region as well as the nation each month. Another feature now available on our Web site is the CPI-U for select major groups that make up the market basket of goods and services each month. These are available for both the Northeast Urban region and the nation.

### What goods and services are measured each month?

The goods and services measured are broken into eight major groups. Below are some examples of goods and services found in each of the eight major groups:

- Food and beverages (cereal, milk, coffee, chicken, wine, full service meals);

- Housing (rent of primary residence, owners' equivalent rent, fuel oil);
- Apparel (men's shirts and sweaters, women's dresses, jewelry);
- Transportation (new vehicles, airline fares, gasoline, motor vehicle insurance);
- Medical care (prescription drugs and medical supplies, physicians' services, eyeglasses and eye care, hospital services);
- Recreation (televisions, cable television, pets and pet products, sports equipment);
- Education and communication (college tuition, postage, telephone services, computer software and accessories);
- Other goods and services (tobacco and smoking products, haircuts and other personal services, funeral expenses).

*Elisabeth Picard*

<sup>1</sup>Consumer Price Index, Bureau of Labor Statistics. Accessed August 20, 2004. www.bls.gov/cpi/home.htm

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